

United States Bankruptcy Court

Northern

District of

ILLINOIS

EASTERN DIVISION

In re

P3 Foods LLC

Case No.

16-320-21

Debtor

Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF
ENTITIES IN WHICH THE ESTATE OF [NAME OF DEBTOR]
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of February 2017 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of [Name of Debtor] holds a substantial or controlling interest in the following entities:

Name of Entity	Interest of the Estate	Tab #
<u>P3 Foods LLC</u>	<u>P3 Foods LLC</u>	

This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.


Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR IN POSSESSION.

The undersigned, having reviewed the above listing of entities in which the estate of [Debtor] holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs,

verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

Date: 3/16/17



Signature of Authorized Individual

Anthony Pendolino

Name of Authorized Individual

CEO, P3 Foods LLC

Title of Authorized Individual

[If the Debtor is an individual or in a joint case]

Signature(s) of Debtor(s) (Individual/Joint)

Signature of Debtor

Signature of Joint Debtor

B 25C (Official Form 25C) (12/08)

UNITED STATES BANKRUPTCY COURT

In re P3 Foods LLC
Debtor

Case No. 16320-21

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month: February 2017

Date filed: October 6th 2016

Line of Business: Burger King Franchise

NAISC Code: 122513

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY.

(X)

Original Signature of Responsible Party

Anthony Pendolino, CEO, P3 Foods LLC
Printed Name of Responsible Party

Questionnaire: (All questions to be answered on behalf of the debtor.)

	Yes	No
1. IS THE BUSINESS STILL OPERATING?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. DID YOU PAY YOUR EMPLOYEES ON TIME?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH? ☐ ☒
15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH? ☐ ☒
16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH? ☐ ☒
17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH? ☐ ☒
18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY? ☐ ☒

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS? ☐ ☒

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL INCOME \$ 737290

SUMMARY OF CASH ON HAND

Cash on Hand at Start of Month \$ 12600

Cash on Hand at End of Month \$ 12600

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU TOTAL \$ 362574

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL EXPENSES \$ 651864

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B) \$ 737290

EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C) \$ 651864

(Subtract Line C from Line B)

CASH PROFIT FOR THE MONTH

\$ 85426

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UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL PAYABLES \$ 72,000 trade

(Exhibit D)

vendors are currently due weekly

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL RECEIVABLES \$ N/A

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

251

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

189

PROFESSIONAL FEES

BANKRUPTCY RELATED:

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$ 0

TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$ 45,000

NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$ 0

TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$ 0

B 25C (Official Form 25C) (12/08)

PROJECTIONS

N/A

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ _____	\$ _____	\$ _____
EXPENSES	\$ _____	\$ _____	\$ _____
CASH PROFIT	\$ _____	\$ _____	\$ _____

TOTAL PROJECTED INCOME FOR THE NEXT MONTH: \$ _____

TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH: \$ _____

TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH: \$ _____

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

P3 Foods, LLC
Balance Sheet
(Debtor in Possession)
February 28, 2017
(See Notes to Balance Sheet)

Assets		Liabilities and Capital	
Current Assets		Current Liabilities	
Cash on Hand		Accounts/Notes Payable-Pre Filing	\$ 2,471,022
Store 139	\$ 1,400		
Store 2423	\$ 1,400		
Store 2794	\$ 1,400		
Store 2920	\$ 1,400		
Store 3519	\$ 1,400		
Store 3970	\$ 1,400		
Store 4006	\$ 1,400		
Store 4669	\$ 1,400		
Store 13662	\$ 1,400		
Total Cash on Hand	\$ 12,600		
Cash in Bank			
Main			
Store 139	\$23,108.00		
Store 2423	\$132,045.00		
Store 2794	\$44,752.00		
Store 2920	\$33,902.00		
Store 3519	\$42,358.00		
Store 3970	\$41,779.00		
Store 4006	\$60,907.00		
Store 4669	\$26,440.00		
Store 13662	\$24,798.00		
	\$35,618.00		
Total Cash in Bank	\$ 465,707		
Total Current Assets	\$ 478,307	Total Current Liabilities	\$ 2,471,022
Fixed Assets			
Furniture, Fixtures & Equipment	\$ 1,047,572		
Auto	\$ 22,000		
Total Fixed Assets	\$ 1,069,572		
Leasehold Improvements	\$ 322,473		
Franchise Fee	\$ 25,000	Capital	\$ (600,670)
Total Assets	\$ 1,870,352	Total Liabilities & Capital	\$ 1,870,352

Debit for Possession													
Consolidated and Individual Store Income Statement Cash Basis													
February 1, February 28, 2017													
(See Notes to Income Statement)													
	All Stores	% to Sales	139	% to Sales	2423	% to Sales	2794	% to Sales	2826	% to Sales	3510	% to Sales	3870
Store Numbers													
Grand Total	\$ 737,290	100.00%	134,680	100.00%	\$ 78,498	100.00%	\$ 71,979	100.00%	\$ 77,538	100.00%	\$ 78,544.00	100.00%	\$ 79,968
Cost of Goods Sold	\$ 237,844	32.26%	44,324	32.85%	\$ 30,565	31.03%	\$ 17,144	23.55%	\$ 24,777	31.96%	\$ 26,125	33.55%	\$ 23,565
Gross Profit	\$ 499,446	67.74%	\$ 90,356	67.16%	\$ 67,933	68.97%	\$ 40,835	56.45%	\$ 52,761	68.05%	\$ 52,419	66.45%	\$ 56,398
Labor													
Store Managers	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Crew	\$ 265,074	35.95%	\$ 47,869	35.53%	\$ 35,437	35.93%	\$ 21,344	29.81%	\$ 27,467	34.91%	\$ 29,144	37.04%	\$ 30,565
Regional Managers	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
General Managers	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
CEO	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
CEO Expenses	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Period Taxes	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Total Labor	\$ 265,074	35.95%	\$ 47,869	35.53%	\$ 35,437	35.93%	\$ 21,344	29.81%	\$ 27,467	34.91%	\$ 29,144	37.04%	\$ 30,565
Barter King Expenses													
Postages	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Rent	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Real Estate Taxes	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Advertising/Marketing	\$ 1,109	0.15%	\$ 1,120	0.83%	\$ 79	0.08%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Barter King Payments	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Total Barter King Expenses	\$ 1,109	0.15%	\$ 1,120	0.83%	\$ 79	0.08%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
General & Administrative Expenses													
Credit Card & Bank Charges/Debits	\$ 5,667	0.77%	\$ 951	0.71%	\$ 809	0.82%	\$ 432	0.56%	\$ 709	0.91%	\$ 575	0.73%	\$ 797
Period Processing/Ad Sales	\$ 1,515	0.21%	\$ 1,331	1.03%	\$ -	0.00%	\$ -	0.00%	\$ 124	0.16%	\$ -	0.00%	\$ -
Office	\$ 1,251	0.17%	\$ 683	0.47%	\$ 189	0.19%	\$ 752	0.98%	\$ 107	0.14%	\$ 70	0.09%	\$ -
Bank Charges	\$ 1,953	0.26%	\$ 1,953	1.45%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Travel/Per Diem	\$ 1,350	0.18%	\$ 1,350	1.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
United States Trucks	\$ 9,747	1.32%	\$ 1,083	0.80%	\$ 1,083	0.80%	\$ 1,083	1.42%	\$ 1,083	1.42%	\$ 1,083	1.39%	\$ 1,083
License & Permits	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Insurance	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Accounting & Financial Services	\$ 3,187	0.43%	\$ 437	0.32%	\$ 1,136	1.15%	\$ 152	0.20%	\$ 366	0.47%	\$ 326	0.41%	\$ 26
Maintenance & Repairs	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Shrink Flow	\$ 6,287	0.85%	\$ 516	0.38%	\$ 195	0.20%	\$ 2,440	3.24%	\$ 353	0.46%	\$ 510	0.65%	\$ 576
SICOM POS System	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Uniforms	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Utilities/Comcast	\$ 14,037	1.90%	\$ 1,734	1.29%	\$ 1,819	1.85%	\$ 1,983	2.72%	\$ 979	1.28%	\$ 2,123	2.72%	\$ 2,123
Rent	\$ 9,000	1.22%	\$ 9,000	6.67%	\$ 9,000	9.14%	\$ 9,145	12.42%	\$ 9,145	12.42%	\$ 9,145	11.85%	\$ 9,145
Real Estate Taxes	\$ 1,027	0.14%	\$ 1,027	0.76%	\$ 1,027	1.30%	\$ 1,027	1.38%	\$ 1,027	1.38%	\$ 1,027	1.33%	\$ 1,027
State Sales Tax	\$ 57,190	7.75%	\$ 10,039	7.45%	\$ 7,234	7.34%	\$ 5,814	7.80%	\$ 6,349	8.33%	\$ 5,786	7.37%	\$ 5,757
Equipment Rental	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Per Control	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Total General & Administrative Expenses	\$ 113,371	15.38%	\$ 20,097	14.92%	\$ 23,392	23.73%	\$ 12,076	15.85%	\$ 10,262	13.22%	\$ 10,473	13.33%	\$ 8,239
Cash Net Income from Operations	\$ 12,501	1.69%	\$ 26,370	35.78%	\$ 9,070	9.21%	\$ 7,415	10.28%	\$ 15,440	19.91%	\$ 12,422	15.85%	\$ 17,494
Non Payments													
American Express	\$ 12,502	1.69%	\$ 1,519	1.20%	\$ 1,619	1.64%	\$ 867	1.11%	\$ 1,619	2.08%	\$ 1,619	2.08%	\$ 752
Electricity	\$ 17,081	2.32%	\$ 1,427	1.06%	\$ 4,856	6.19%	\$ 83	0.11%	\$ 83	0.11%	\$ 83	0.11%	\$ 83
Lease	\$ 561	0.08%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
RIA	\$ 4,910	0.67%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Total Non Payments	\$ 35,524	4.82%	\$ 3,045	2.26%	\$ 6,538	8.40%	\$ 950	1.30%	\$ 8,291	10.69%	\$ 3,881	4.98%	\$ 17,494
Net Income	\$ 88,278	11.98%	\$ 23,324	31.72%	\$ 2,532	2.57%	\$ 6,465	8.76%	\$ 6,540	8.58%	\$ 8,541	10.97%	\$ 18,315

Note: This Consolidated and Individual Store Income Statement will have prepared on a cash basis with support documentation from Actual February 2017 Bank Statements obtained from US Bank. The Barter King Repts, Royalties and Advertising due for February cleared the bank accounts March 3, 2017

Notes to Balance Sheet

has been adjusted to the Cash Basis method of Accounting

As soon as the court order was signed on October 8, 2016 employing Aldridge Chaseswater, LLC, Joan deSouza Frank Phelps as accounting and business consultants, the added task of reconstructing the formal books of accounts began to emerge. Starting September 22, 2016 the task of reconstructing the books began prior to the court order by focusing on balances owed to all creditors, making sure payroll for +250 employees was properly taken care of including making sure all payroll taxes were all current, sanitation measures were all current, sanitation measures were properly carried out, and in compliance with applicable laws, studying an efficient electronic accounting reporting system to be installed, a necessity to protect the financial investment made by all. Since date of filing on October 6, 2016 the process has been accelerated.

Please note that no reliable historical books of accounts exist and therefore beginning October 6, 2016 and continuing forward are being developed and thus requiring further amendments to presented financial statements may occur from time to time as further information unfolds.

Current Assets

Cash on Hand as shown is kept at each store in a secured manner under control of each store manager and is signed off daily as counted each evening.

Cash in Bank as shown has been verified with US Bank demonstrated by a paper trail bank statement and transaction journal prepared independently by US Bank and signed off by a banking official.

Inventory is not shown but rather expensed off to each store because there is very little shelf life that can be assigned to either perishable there is very little shelf life that can be assigned to either perishable food and paper items.

Fixed Assets, Leasehold Improvements and Franchise Fee have not been depreciated or amortized at this point in time until such time as an inventory can be concluded disclosing purchase can be concluded disclosing purchase can be concluded disclosing purchase dates and a detailed list of said assets,

Other Assets

The amount due from Peterson has been estimated until investigation is completed determining the correct amount to be recovered

Liabilities

All creditors' amounts due were taken from court records and/or company records and will be amended from time to time as new information surfaces.

Capital

Because no reliable historical records are available, the amount so stated will be amended once new data can be verified.